

POPEYES GROUND LEASE

3510 WEST BASELINE ROAD | PHOENIX, ARIZONA 85339



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SUBJECT

W. BASELINE ROAD

**CESAR CHAVEZ
HIGH SCHOOL AND
COMMUNITY PARK**

S. 35TH AVENUE





TABLE OF CONTENTS

01	Investment Overview
	Investment Summary and Highlights
	Pricing and Lease Summary
	Tenant Overview
02	Property Overview
	Aerial Photography
	Phoenix Metropolitan Area Map
03	Market Overview
	Phoenix Metropolitan Area
	Demographics

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01 Investment Overview

Investment Summary and Highlights

Pricing and Lease Summary

Tenant Overview



INVESTMENT SUMMARY

CBRE has exclusively listed this single tenant Popeyes Louisiana Kitchen located at 3510 West Baseline Road in Phoenix, Arizona. This Popeyes offering is an absolute triple net (NNN) single tenant ground lease retail investment with a drive-thru. The building is approximately 2,961 rentable square feet on approximately 30,999 square feet of land. The investment opportunity offers a brand new 15-year lease. The lease includes 10% rental increases every 5-years during the initial term and at the beginning of each option period. Popeyes has 4, 5-year options to renew. This investment offers a franchisee guarantee by Z&H Foods, Inc., a Texas corporation and HZ Foods AZ, L.L.C. an Arizona limited liability corporation. The franchisee owns and operates over 90 restaurants in Houston, San Antonio, Phoenix, Salt Lake City and Denver and is one of the largest franchisees in the Popeyes system. Z&H recently acquired financing from GE Capital Franchise Finance to develop 20 more Popeyes units and to refinance debt in November 2014.



Popeyes Louisiana Kitchen, Inc. is publicly traded on the NASDAQ with stock symbol "PLKI". Popeyes has approximately 2,379 locations worldwide and is the world's second largest QSR (Quick Service Restaurant) chicken concept based on the number of units.

The property benefits from excellent visibility and traffic on both 35th Avenue, 10,461 VPD, and Baseline Road, 29,222 VPD (SOURCE: City of Phoenix). Popeyes is prominently positioned on the going home side of 35th Avenue and Baseline Road. The Property is located in the growing Laveen Village area of southwest Phoenix that is home to approximately 69,175 residents in a three mile radius and 156,300 residents in a five mile radius (SOURCE: Claritas). The annual average household income is approximately \$62,102 in a three mile radius and there are 51,919 employees in a five mile radius (SOURCE: Claritas).

INVESTMENT HIGHLIGHTS

- Popeyes absolute NNN 15 year ground lease
- Brand new 2014 construction
- 10% rental increases every 5 years
- Low rent of \$78,000 a year
- December 2014 opening and strong sales
- Popeye's is publically traded (NASDAQ Symbol: PLKI)
- Popeye's has approximately 2,379 locations worldwide and is growing rapidly
- Popeye's is the second-largest Quick Service Restaurant (QSR) chicken concept in the world, based on the number of units
- Over 39,683 vehicles per day at the intersection (SOURCE: Claritas)
- Major employment in the submarket; 51,505 employees in a five mile radius



PRICING AND LEASE SUMMARY

3510 WEST BASELINE ROAD | PHOENIX, ARIZONA 85339

PRICING SUMMARY	
Price:	\$1,560,000
CAP Rate:	5.0%
Year Built:	2014
Rentable SF:	±2,961 SF
Land SF:	±30,999 SF
Parcel Number:	105-89-951 (Maricopa County)
Drive-Thru:	Yes



LEASE SUMMARY	
Tenant's Name:	Popeyes Louisiana Kitchen
Company Type:	Public
Lease Guarantor:	Z&H Foods, Inc., a Texas corporation and HZ Foods AZ, L.L.C., an Arizona limited liability corporation
NASDAQ Stock Symbol:	PLKI
Net Operating Income:	\$78,000
Lease Type:	Absolute Triple Net (NNN)
Rent Commencement:	12/19/2014
Lease Expiration:	12/31/2029
Initial Lease Term:	15 years
Lease Term Remaining:	14.75 years
Rent Increases:	10% Increases every 5-years during initial term and at the beginning of each option period
Options to Renew:	4, 5-year options
First Right of Refusal:	None

Shopping Center CAM Charges: Tenant shall pay the proportionate share of any such amount charged or assessed against the common areas of the Shopping Center pursuant to the CC&R's.

TENANT OVERVIEW



About the Franchisee

Z&H Foods, Inc., based in Sugarland, Texas, operates more than 90 Popeyes locations in Texas, Denver, Salt Lake City, and Phoenix. Amin Dhanani, Principal of Z&H Foods, Inc. chose the Popeyes brand because of the strength of the brand, the operation, the support of the Franchisor and the growth potential of the brand. This investment offers a franchisee guarantee by Z&H Foods, Inc., a Texas corporation and HZ Foods AZ, L.L.C., an Arizona limited liability corporation. Z&H Foods, Inc. is one of the largest franchisees in the Popeyes system. Z&H Foods, Inc. recently acquired financing from GE Capital Franchise Finance to develop 20 more Popeyes units and to refinance debt in November 2014.

About Popeyes®

POPEYES LOUISIANA KITCHEN, INC.

Popeyes Louisiana Kitchen, Inc. [NASDAQ: PLKI] is the franchisor and operator of Popeyes restaurants, the world's second-largest Quick Service Restaurant ("QSR") chicken concept based on number of units. As of December 2014, Popeyes had 2,379 operating restaurants in the United States, three territories and 26 foreign countries. The company's primary objective is to deliver sales and profits by offering excellent investment opportunities in its Popeyes brand and providing excellent franchisee support systems and services to its owners.

Founded in 1972, Popeyes emphasizes the restaurant's rich Louisiana Gulf Coast culinary heritage with its bold, flavorful menu and jazzy New Orleans feel. Popeyes is known for its spicy Cajun-style fried chicken and red beans and rice, with a rabidly enthusiastic following based upon its time-honored tradition of slow cooking techniques and more than 12 hours of marination. Popeyes is growing faster than any other chicken brand and expanding its footprint from urban centers in the Southeast to suburbs all over the country. In 2014, Popeyes opened 201 restaurants with its stock price up over 65% and trading at all-time highs.



02 Property Overview

Aerial Photography

Phoenix Metropolitan Area Map





AERIAL





PHOENIX METROPOLITAN AREA MAP





03 Market Overview

Phoenix Metropolitan Area
Demographics



MARKET OVERVIEW

PHOENIX METROPOLITAN AREA

Phoenix is the 14th largest metropolitan area in the country and has historically been one of the nation's fastest growing population centers. According to the Brookings Institution (December 2012), Phoenix ranks third among the nation's top 100 metropolitan areas in terms of economic recovery. In addition, over the last year, the Phoenix metropolitan area added 36,600 private-sector jobs, ranking Phoenix ninth among the nation's 102 metropolitan areas with 500,000 or more residents according to the Bureau of Labor Statistics. Moreover, Arizona's population continues to rise and boasts one of the highest population growth rates nationwide according to the U.S. Census Bureau.

Arizona's famous climate, which consists of approximately 300 days of sunshine per year and an average annual temperature of 76 degrees permits recreational activities throughout the year. As the Southwest's major metropolitan center, Phoenix possesses world class amenities and attractions including:

- World-class golfing (PGA, LPGA, and Senior PGA tournaments, including the Waste Management Phoenix Open)
- 20 museums, including the newly refurbished Phoenix Art Museum and the world famous Heard Museum of Anthropology and Primitive Arts. Phoenix is home to the Phoenix Symphony, Arizona Opera Company and a host of professional theatre companies
- Four major sports teams (Phoenix is one of only six cities nationwide with a professional franchise in each of the nation's four major sports)



METROPOLITAN AREA PHOENIX HIGHLIGHTS

- Strong employment growth; projected growth is 85% versus 20% national average
- Robust population growth and young workforce
- Diversified economy with high concentration of professional jobs
- Low cost of doing business and relatively low cost of living
- Strategic location between California, Texas and Mexico
- Favorable weather and safety from natural disasters
- Operating costs 40% lower than neighboring California



DEMOGRAPHICS

	1 MILE RADIUS	3 MILE RADIUS	5 MILE RADIUS	10 MILE RADIUS
POPULATION				
2014 Estimated Population	10,759	69,175	156,300	746,327
2019 Projected Population	12,419	78,971	172,970	792,208
2010 Census Population	9,275	60,326	142,031	711,925
Growth 2014-2019	15.43%	14.16%	10.67%	6.15%
2014 Estimated Average Age	30.33	31.08	31.03	32.02
HOUSEHOLDS				
2014 Estimated Households	2,952	19,537	41,942	232,498
2019 Projected Households	3,361	22,136	46,341	248,058
2010 Census Households	2,660	17,520	38,546	220,068
Growth 2014-2019	13.86%	13.30%	10.49%	6.69%
2014 Estimated Average Household Size	3.62	3.54	3.54	3.13
INCOME				
2014 Estimated Average Household Income	\$61,011	\$62,102	\$54,432	\$51,234
HOUSING				
2014 Estimated Average Housing Value	\$169,787	\$173,309	\$158,161	\$166,410
EMPLOYMENT				
Total Number of Employees (3/2015)	1,183	9,582	51,919	521,985

SOURCE: Claritas



POPEYES LOUISIANA KITCHEN

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